









# NEWS AND VIEWS

## Coolidge Tax Plan

Coolidge has proposed a plan of tax reduction in view of the threatened \$400,000,000 surplus of the treasury, which is a raw and brazen expression of the present dictatorship of big business. He proposes that the surplus shall be avoided by reducing the taxes only on the rich and super-rich. He proposes that all corporations in the country that are in the reduction of their taxes to the extent of 13 1/2 per cent.

This is one of the most flagrant and specialized examples of favoritism in the history of this country. The corporations represent the pecuniary form of wealth known in this country as capital. The plan represents the most successful method of extracting wealth and profit from the nation. They represent the biggest and easiest incomes, incomes representing the larger part of the income of the nation, incomes that are a tax drain on all other incomes. It is a plan that represents dangerous concentration and dangerous industrial and political power. From all other classes Coolidge singles out this fortunate, powerful and favored class to assist by a reduction of taxes.

By proposing to reduce the present of \$400,000,000 a year to swell its already dangerous power and give it additional advantage over all other classes.

His tax reduction would not help small business, which is in desperate straits, because small business is flooded largely by the income of big business and partnerships, rather than on corporations. His proposal would not help the farmers at all. It would entirely neglect this most needy and useful class of property owners in the nation. It would take away a third of the farm income last year and taxation is one of the things that is crushing the farmers.

By handing this \$400,000,000 to the farmers by tax reductions instead of to the consumers by wiping out taxes on sales and income taxes, Coolidge could perform a great service, but the president is too thoroughly the tool of organized capitalism to even consider such things.

But, the proposal to hand back this prospective \$400,000,000 surplus at this time is a gross absurdity in view of the fact that the surplus is being hoarded by the government and is being used yearly to pay interest on war debts. Why does not the president use this rare opportunity to pay off the war principal and stop this drain?

The president, moreover, proposes to hand this surplus over to the richest and most favored class, in the face of the grim reality that the expenditure to relieve the Mississippi flood victims and erect a great flood control system. This proposal in the face of this great public need is one of the most brazen and vicious examples of class favoritism and cronyism in the history of this country.

## Hoover Flood Plan

As a companion piece with the president's tax plan in the face of the Mississippi flood, is Hoover's Mississippi flood plan. After spending months on the ground among the hundreds of thousands of flood victims and thousands of square miles of devastated territory, Hoover has finally announced that the United States will have to spend the staggering sum of \$150,000,000 for flood relief and control—spread over a period of ten years.

That is just \$15,000,000 dollars a year to be spent by the greatest and richest nation in the world on a major national project involving immediate relief to 15,000,000 flood victims; future safety to several million people; the protection of crops annually worth a billion or more; navigation possibilities worth hundreds of millions annually; and power possibilities worth potentially billions of dollars. Hoover's proposal is one of history's great anti-climaxes.

The United States is already spending \$10,000,000 annually on Mississippi floods and is barely preventing the ordinary flood situation from getting beyond bounds. Now comes Hoover and magnanimously proposes in the face of the present extreme emergency and the breakdown of the government system to increase the expenditure only \$5,000,000 a year and get no change methods of control in any essential manner. The only new thing he proposes, in fact, is the possible development of reservoirs in the Arkansas River basin. And this in the face of the fact that the government is spending \$10,000,000 a year on the protection of crops annually worth a billion or more; navigation possibilities worth hundreds of millions annually; and power possibilities worth potentially billions of dollars. Hoover's proposal is one of history's great anti-climaxes.

Capitalism is interested in nothing but the building up of private fortunes at the expense of the public. Its whole instinct is to exploit and plunder the public for private gain. It is its savage greed it would snatch \$400,000,000 from under the very feet of the 750,000 flood victims now in extreme poverty and threatened with pauperism. It would leave them endangered and jeopardized in the future. It would leave their productive lands subject to periodical inundations. It would forego the possibility of any public welfare or development that might encroach on its power and its profits. And yet, while this situation confronts us, our capitalist government is getting ready to enter into a naval race of death that will cost billions. What a vile, monstrous, unrepentant system!

## The Labor Mission to Russia

The American Appeal is highly pleased to learn that Jim Maurer, Socialist veteran and president of the Pennsylvania Federation of Labor, has gone to Russia as a member of a labor body which intends to investigate labor conditions in Russia and other European countries. It is gratifying to see other good Socialists like Stewart Chase in the expedition. It is with deep regret that we note the absence of names of prominent trade unionists formerly announced as prospective members of the expedition.

A labor movement cannot afford to place itself in the position of being afraid to investigate conditions and facts first hand, or of having so little confidence in itself that it is afraid of being duped and imposed upon. An individual would indeed think poorly of himself who would gratify himself that he could go to Russia and could be prevented from getting some inkling of the truth there.

Above all things the workers should know the truth about Russia. One thing is clear: a degree of socialization of government, industry, and commerce has been attained there never before known in the history of the world. The cooperative movement, from all trustworthy accounts, has developed beyond anything known in any other country. It is, perhaps, Denmark. These two facts alone, should thrill all workers and cause them to hope above all things for industrial and political progress in Russia.

The Appeal has had occasion to criticize the mischievous and often destructive tactics of the Third International, but the Appeal's opposition to communist tactics has never blinded it to the supreme importance of the Russian revolution. That event which for the first time in human history placed the industrial proletariat in power and started great Socialist developments among 145,000,000 people over one-sixth of the earth's surface, will perhaps stand out as the greatest event in this history of the human race.

## The Lesson of the Engineers' Bank

The decision of the Brotherhood of Locomotive Engineers to go out on strike has been a lesson in business and investment. It has shown the least possible loss brings out strikingly an important truth about trade union and cooperative activities. The Engineers are conservative. The overwhelming majority of the members believe in and support the capitalist system. This organization was unfitted to utilize the great cooperative instrument as a means of labor emancipation. It had no conception of laying hold of the cooperative instrument and using it for the benefit of the class struggle. It had no vision of a better cooperative social order that would extend over every department of industrial life and make capitalism only an evil memory.

Without social vision; without class purpose, the Engineers undertook the greatest financial venture known in the history of the labor movement. It was inevitable that the institutions they founded would soon become hardly distinguishable from any other capitalist institutions in the same line of business. They found themselves in a competitive field where they had to adopt capitalist methods or fail. Their enterprises simply became un-owned capitalist enterprises. The result of making forward the horizons of socialization of capital, their efforts made toward the capitalization of labor. They were simply a case of the little man playing the big man's game in the big man's house. The result was that they lost.

Success under these circumstances would have been more damaging to the labor movement than failure. Had the Engineers' union expanded its enterprises and become fabulously rich, it would have meant only that the union itself as a whole would have lost its labor purpose and fighting spirit and the members who would have separated themselves from manual labor and the labor movement as rapidly as circumstances would permit and would have become capitalist opponents of labor.

The experience of the Locomotive Engineers brings out strikingly the value of the Socialist movement as an educational force. Where Socialism has done its work and the workers have become class conscious and socially visioned they are using the production to develop a system in opposition to the existing system. They are helping to develop a new social mind and spirit opposed to the whole prevalent psychology. Their cooperatives take on a character of permanence and develop a tendency to unite with all cooperatives of their kind into a world-wide cooperative system. They develop methods entirely different from capitalist methods. They retain their democratic character. They become more and more the nature of class instruments in the class struggle. Such are the real cooperatives of Europe. The Socialist movement, Socialist ideals and Socialist education alone give cooperatives value and significance.

## Murder for Profits

An excursion boat, "the Favorite," containing 71 men, women and children seeking relief from the sweltering heat of Chicago, was overturned by a little squall on Lake Michigan only a few hundred feet from the shore and 26 women and children and one man were drowned. Stories told in the investigation that followed show that the boat was top heavy. There was a dangerous absence of ballast below. The engine and machinery were surprisingly small and light, thus being less expensive and more profitable. So top heavy was the boat that when the passengers went to one side of it to find shelter from a sudden rainstorm, this combined with the fact that the wind struck the ship at the same time from the direction of the rain upset the boat. This boat, which events have shown was nothing but a death trap, had been inspected and "passed" by public inspectors. It was stated in the investigation that there are other excursion boats on Lake Michigan less safe than "the Favorite." It will be recalled that the Eastland disaster about eleven years ago in which more than a thousand lost their lives was the result of the passengers crowding to one side of a top heavy boat to escape the rain. Boats like this are carelessly, criminally made, and used because they are cheaper and more profitable. They are a menace to the public. They are a source of profit to speculators to accumulate influential profiteering interests. It is a widespread process of murder for profits.

## Cause and Remedy for High Prices

(From The Lincoln Herald, Lincoln, Nebraska)

In conversation with a Nebraska City business man a few days since The Herald learned that when a chain store opened in that city some workmen they met with the most vigorous opposition in numerous ways. The new store wanted to put on the 5 cent loaf but they could not get a bakery in the city to make it or sell it to them. That all the other grocers would boycott the baker who would. They tried one or two other towns in that locality with the same result and finally had to get their bread of a Lincoln bakery. He says, also, that wholesalers in that city also refused to do business with the chain store, all of which goes to demonstrate that combination in trade circles is everywhere in this country. Fixes the price of commodities, has much to do with the high cost of living and makes the consumer the goat.

What is the remedy? When the people become weary of being plundered by combines or monopolies they will find a way out by establishing public owned stores, just as they have established public owned water systems.

Our informant tells us the chain stores have reduced food costs fully 20 per cent in Nebraska City and that the J. C. Penny store has reduced the price of dry goods, clothing, etc. to fully the same extent.

Business methods are certainly changing these modern days. Monopoly is killing itself; capitalism is digging its own grave.

## Another Public Ownership Horror

Another one of the horrors of public ownership—Uncle Sam's big ditch at Panama is expected to make a record for the fiscal year ending June 30, 1927, equal or superior to that of the fiscal year of 1924, which hitherto has stood at the top. For the first 11 months of the current fiscal year the ditch has averaged \$2,250,000. June is sure to put them at \$21,000,000. During the month of May more than 15 ships per day were sent through the canal, and the average daily tolls were above \$60,000. As Uncle Sam owns and operates the canal, all the revenues, maintenance and interest charges go to the people, through their government. The canal in this way is fast paying for itself.

Chicago police have collected 500 streams of all sorts used by its citizens to take the law into their own hands. It is a fine picture of the success of the present system. The police are going to dump these instruments of suicide into Lake Michigan so others cannot use them or be influenced by them. This is about as decent a remedy for existing evils ever goes.

American capitalists have invested 13 billion dollars in foreign countries since 1925. Every one of these dollars under the existing system is a distinct incentive to militarism, war and imperialism, but megalomaniac, live, upstanding individual who is not afraid to proclaim the truth can outweigh a good many imperialist dollars.

Last year the farmers, representing 30 per cent of the population received 10 per cent of the national income, while the capitalists, representing 2 per cent of the population received 26 per cent of the national income. If the present system is right the "services" of one non-producing capitalist are worth as much to society as the work of 39 producing farmers.

Newspaper investigation has disclosed the fact that Chicago has more jobless women and girls than it has had for ten years. These same papers have been claiming that Chicago is enjoying unexampled prosperity. It is a great prosperity that is swindling while it is depriving needy women and girls of work.

Socialism aims to make industry so efficient that the average individual can produce all he wants working only part time. It aims to make the production of material things so efficient that men and women will be freed from the material process the biggest part of the time, and at liberty to express themselves and enjoy themselves on a higher plane.

## Killed, 137,017; injured, 3,500,000.

No, that isn't a casualty list from the world war. It is a record of automobile accidents in the United States from 1919 to 1926. Two-thirds of this toll of life is the price we pay because we are afraid to regulate property and privileges.

## Liberty Slipping In United States

### Arthur Garfield Hays

(Member Executive Committee, American Civil Liberties Union)

Little by little the liberties of American citizens are slipping away and the process is so gradual as to be hardly noticeable. However, the gradual rights of free speech, free press and free assembly.

You can speak and write on any subject you please, providing what you say or write is not disapproved by the powers that be.

Freedom of residence is a fundamental right and yet in 1925 Dr. Ossian Sweet and ten other Negroes in Detroit were put on trial for murder for defending themselves against a mob of white men who tried to force them from their homes.

We need to know the country of the oppressed of other nations. Our immigration laws bar out the seekers of opportunity in America. We are not even the country of political refugees. We send anti-Fascist back to Italy, sometimes to jail and torture.

Unfortunately, during the last year, the American Legion appears to have been a fairly active agency of intolerance and oppression. Twenty-seven states report that they were worse than the Ku Klux Klan. An exception of the results of more in favor of the Willard Straight Fund and a few others which regard themselves as American first, to whom intolerance is more hateful than radicalism. But many of our former soldiers regard themselves as potential guardians whose duty to protect present conditions is more important than the obligation to defend eternal principles.

### Answer These

By H. J. Williams

- 1—I am from Missouri; show me—How I can obey all laws and earn a living.
- 2—If laws are not obeyed, of what use are they to the public?
- 3—What is the difference between right and justice? Is it the difference between earning wealth and obtaining wealth by other means?
- 4—What is the prime object of organized government?
- 5—Did Christ obey all the laws?
- 6—Show me the plute who must obey the laws of the country. Why can't they see the example?
- 7—Can a fellow make a respectable democracy when he knows that all the cemeteries are owned by private corporations?

Answer these questions and bluff the fool killer.

### Munition and War Profiteers Unite

(Continued from page 1)

as the E. I. Du Pont de Nemours Powder company, which was organized as a holding company to acquire ownership of about 100 different companies through an exchange of capital stocks. As the entire capital of these companies were accumulated, the corporations were dissolved and their properties taken over by the Du Pont company.

Then came the "trust busting" era in American politics. In June, 1911, the United States Circuit court in the laws forbade the Du Pont company to combine in violation of the Sherman act and that it should be dissolved. So two new companies, the Hercules Powder and the Atlas Powder companies, were formed to take over factories and properties ordered segregated from the Du Pont company. The driving forces of social and political changes must be sought in the changes of production and exchange, not in the minds of

### War Profiteering

Then came the world war and the business of the Du Pont company was expanded tremendously. It filled vast orders for the European allies and later for the American government. This expansion necessitated a capital readjustment and in 1915 E. I. Du Pont de Nemours & Co. was formed to take over the properties of the old company.

The end of the world war brought a slump in the manufacture of explosives but the Du Pont company was affected only temporarily. During the war it had conducted extensive research in the chemical industry as the German chemical industry was cut off from the world by the allied blockade.

### An Industrial Giant

Mainly from the great war, from the misfortunes of the human race, from the dire needs of its country in wartime, from its power to produce in vast quantities and sell at several times its cost the means of taking human life, this great industrial giant was built up and in addition its surplus capital thus acquired has overflowed into the other giving this blood-soaked monster a strategic control which will probably determine the character of the new century.

The Du Pont company has grown into a corporation with assets of \$322,883,474. Its net earnings last year were nearly \$12,000,000. But this hardly gives the picture of its worth. It holds nearly 2,000,000 shares of General Motors stock which is carried on its books at only \$46.88 a share, although the market price is around \$125.

The company holds securities of controlled concerns to the total of more than \$36,200,000, and also miscellaneous securities of more than \$15,500,000. Its controlled or affiliated companies manufacture rayon, dyes, paints and varnish, corded textiles, industrial alcohol, pyral, motion picture film, and other cellulose products and a group of chemicals including ethyl alcohol, synthetic ammonia, and nitric acid.

### Interlocking Control

There are numerous evidences of a "community of interest" among the Du Pont, United States Steel, General

# APPEAL'S FEATURE DEPARTMENT

Harry W. Laidler, Editor

## Engels Restates And Amplifies

In XII Articles

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By Ernest Untermann

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### His Teachings in Anti-Duehring

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human beings. The means for the removal of social injustices must be discovered in the real conditions of life, not in ideal speculations.

Incidentally, in order to show how much the Marxian method, or dialectics, had gained since the days of The Communist Manifesto, Engels took special pains to be more just to the utopians St. Simon, Fourier and Robert Owen. He wanted everybody to understand how much had been gained for science by permeating the living force of dialectics, of thinking in terms of the universally interrelated natural and social laws of evolution. He advised the Social leaders to familiarize themselves with the method of such study as they do among the materialists of the eighteenth century and the utopian Socialists.

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### Article IV

By Ernest Untermann

FREDERICK Engels developed by the side of Marx, not under him.

Although he always gave to Marx the credit for having framed the classic statements which transformed Socialism into a science, he had arrived at the same ideas independently of Marx. It is due mainly to his unselfish devotion that Marx's own writings were completed for publication, and that we have today a fairly complete set of writings by both of them which can serve as text books of Marxism.

Up to 1843, when Marx died, both of them conferred about all their public writings.

Engels also related the materialist conception of history in his preface to The Communist Manifesto in



# Who Shall Own the Air in the United States?

## Startling Revelations Regarding Radio Control and Censorship

### Editor's Note

Who shall control this new and powerful means of education and propaganda in the United States—the radio? This is one of the most vital questions before the American people today. As in the case of the press, the pulpit, the platform and the schools, the dominant economic groups in this country are trying to bring this new agency for the dissemination of knowledge under its complete control. In the following article, Morris L. Ernst, a well known New York lawyer, brings home to us the peril that is facing free discussion in this country. Mr. Ernst views the situation as a believer in untrammeled discussion, rather than as an advocate of fundamental social change. Indeed as an attorney to various manufacturing groups, and as a prominent member of the legislative committee of the conservative New York City Club, his statement of the case cannot, by any stretch of the imagination, be viewed as that of an alarmist. Incidentally his indictment of the growing control and censorship of the addresser's permit over the air constitutes the strongest kind of an argument for the success of the Debs Radio project. We are deeply indebted to Mr. Ernst, who has followed the radio situation as few men in this country have done for this timely and admirable contribution.

—H. W. L.

### By Morris L. Ernst

IN 1912 when the public was still watching the development of the movies and the airplanes, Congress passed the first radio control legislation known to this country. Little was known at that time of the art, and few of the framers of the statute could have dreamed of the future progress of this newest means of communication.

In 1927 the Congress passed its second radio measure in an endeavor to bring into actual government control the broadcasting which has grown not only into tremendous volume but into wild chaos. We are now faced with its interesting and to-date uninvolved situation. There is at present a fixed and limited number of air avenues that can be used by broadcasting stations. Possibly one thousand is the limit at the outside of the number of stations which can operate at the same time in the United States without confusion and interference. With this mathematical premise it is easy to realize that some human agency must be given the power to allocate those lucky few who shall be granted the privilege. This privilege is a real and potent one. Not only financially but from the point of view of the domination and influence of public thought and education the radio stands to-day at least as high as the press and the movies

as an agency for the direction of social and political thought of the nation.

### Discriminations Against Liberals

Of course the Federal Radio Act declares that the radio is a "public utility" and all basic rights to broadcasting are vested in the Federal Government. Of course the legislation decrees that licenses shall be issued on the basis of public good, public necessity and public convenience. Naturally no such thing has happened in this field either before or after the enactment of this statute. The richest in money, the first in the field and those closest in friendly ways to the party in power are operating the stations while groups of liberals, labor men and women, and all non-profit-making organizations are still being told to "hire a hall."

### Permits to be Had for Coin of the Realm

The parceling out of these precious permits has been somewhat of a disgrace. Large financial and political interests in Chicago had two stations while the American Federation of Labor was denied a single wave length. In New York City a similar situation existed although the so-called Telephone group had two of the best and most powerful positions. The answer is simple. Even a minority group with enough of the coin of the realm can purchase a permit.

present holders of the Federal permits are for the most part willing to take immediate but substantial profits. No doubt many of them believe that they can easily enough sell out and then go back to the source of power and get a new license. Be that as it may, although the law attempts to control assignment of licenses many present holders of the privileges are hawking around the naked permits for sums running from \$25,000 to \$250,000. And you get no station or equipment for this price. This merely covers the signature of the Secretary of Commerce on the Federal Radio Commission.

### Corporations in Control

The control of the air at the broadcasting source is further complicated because of the threatening attitudes of several large and vital corporations. The protagonist of monied control is the United States Telephone and Telegraph, Westinghouse, General Electric and National Broadcasting Company. Those who still cherish the democratic use of the radio must appreciate the wealth and power of a coalition of the sort to permit a prediction that within five years there will be a public scandal surrounding the attitude and acts of these groups in the field of radio.

### Perils of Censorship

But even if there were no such or-

ganized force in the field as the above companies and even if licenses were granted on the basis of benefit to the public rather than profit to the few we would nevertheless face a further real problem. At the stations there will be no doubt continue to be a vast amount of censorship. This has been true in the past even though the statute declares in clearest terms in favor of freedom of speech on the air. The Bill of Rights has never been in such peril in the United States as in this field of air communication.

### Don't Criticize the Administration

Without any real amount of effort I have assembled more than one hundred examples of violations of this basic American right of Free Speech. Obviously not every one of us can go on the air at any hour to spread our own particular propaganda. Nevertheless the present cases of discrimination are most disturbing. By no means a simple administration talk is allowed. Few if any stations would permit any criticism of the war policy of President Coolidge in Nicaragua. Most stations banned any talk indicating disapproval with the policy of sending gunboats up the river in China. In brief it is nearly impossible to find a broadcasting station that will allow

any remarks that indicate a failure to support the President of the United States, his cabinet or his party. It will be a sorry day for this country when people even through this one field of expression will be denied the right to criticize their elected and salaried employees.

In addition most stations are most careful before they will allow a speaker to speak in any but glowing and complimentary terms of the Telephone company whose wires truly control the tie-up of broadcasting on a national scale. The reason for these cautions are understandable. It is even difficult to blame too severely these profit seeking license holders. They argue as realists. "Why take any chances. Such talks though of interest to the public might bring us into disfavor with the powers that be. It may result in the lowering of our stations power, the degradation of our wave length, and the refusal to renew our permit at its expiration date. With the machine of our government more and more being run on a Whimper System, such reasoning is no doubt sound from their point of view.

But there is no use in idle complaint. The saddest part of the story also points to the partial solution. The Senate realized all these dangers and in its draft inserted provisions which would have acted as safeguards. The Senate tried to prevent the trading

in government permits for profit, to control the telephone tie-ups, to protect the small stations against the largest and richest. Above all, Senator Dill appeared to be worried about this grave problem of Freedom of Speech. He urged in various forms provisions for publicity of all deals in the belief that the light of day might stamp certain types of underhanded discrimination. All of these safeguards were eliminated from the bill by the House of Representatives controlled as it was in this situation more directly by the President. The House went so far as to eliminate a proviso that preference in the granting of licenses should be granted to non-profit making educational institutions.

Obviously these provisions found in the Senate drafts and many others must be enacted into law if there is to be a long and uphill fight. But liberties and the protection of minorities are never attained without a struggle. Possibly it is true that liberties accrue only to those who hold the power. Possibly any party in power would try to stifle a fashion to maintain its power. Nevertheless the radio is so competent a medium of social and political power that agitation will continue against any group that tries to use it for suppression of minorities.

## Rent Socialization—Why Alone It Will Not Save the Producer

### Editor's Note

The American Appeal has received a number of communications advocating the abolition of interest through the socialization of the financial system as the remedy for the evils confronting the farmers. We have also received several communications advocating the abolition of rent and the false values based upon rentals through the socialization of the rental processes as the only remedy needed by the farmers. We will now give the single taxers their innings.

### Says Socialization of Rent Is Remedy

#### By George Lloyd

I have read your reply to Tooley Hartwick's article "Money Nationalization—Why It Alone Will Not Save the Producer." According to my education in political economy (the science that treats of the production and distribution of wealth) the basic cause of the Money Trust, and the Capitalist system is the LANDLORD system. At present the workers in the cities and on the farms are paying the landlords 13 billion dollars in ground rent every year for the use of land that the landlords do not provide. That forces the workers to mortgage their homes to get back the stolen ground rent and to force the towns and cities to issue bonds for public expenses and borrow back the stolen ground rent.

Now we have the money trust, namely, LANDLORDS, who receive enormous rates of interest on mortgages and bonds which are issued to get back a large part of the stolen 13 billion ground rent. That portion of the stolen ground rent not borrowed from the LANDLORDS is exchanged by the LANDLORDS for the food, stuff, clothing, buildings, machinery, etc., of the workers in the towns and cities thereby producing the capitalist system in which the workers produce the wealth, but do not own it, while the LANDLORDS (crooked capitalists) own the wealth, but do not produce it. In other words, the LANDLORDS, the money lords and the crooked capitalists, exist through loaning and exchanging the 13 billion dollars of stolen ground rent.

Moral: socialize the entire rent of land.

### Editor's Reply

Socialists are entirely willing to admit the enormity of the landlord and rent evil, and of the urgent necessity of socialization in this field. Rent is one of the three upon which the internal capitalist system rests—but it is not the entire foundation of the capitalist system as our single tax friend here claims. The enormous iniquity of it, however, cannot be put too strongly. I do not think that the writer's claim here that all ground rent in the United States amounts to 13 billion dollars a year is at all exaggerated.

Now as to ground rent constituting the entire foundation of capitalism and being the basic source of capital—that is not true. THE BASIC SOURCE OF CAPITAL IS THE CAPITALIST PROCESS ITSELF—THE PROCESS OF EXTRACTING PROFIT FROM LABOR THROUGH THE PRIVATE OWNERSHIP OF PRODUCTIVE ENTERPRISES. I am ready to admit that industrial

capital has been tremendously augmented by inflows from the landlord and financial capitalists, and that the landlords and bankers no doubt have become heavy owners in the land commerce through investments of their stolen accumulation, but industrial capital had its origin, a well known historical fact, in the extraction of profit through the private ownership of enterprises. The germ of the capitalist class which gradually superseded the feudal class was the small merchants and peddlers who congregated in the cities and set up the first free cities of the later middle ages.

### Origin of Industrial Capital

This nucleus of profit takers was later augmented by the rise of the machine (factory) owner through the development of the machine out of the hand tool. The journeyman tool user, when the tool began to be a machine requiring assistant labor, often became the master and owner surrounded by his assisting apprentices. He owned the machine and paid these assistants a wage that was less than what the products sold for. This margin of difference between what the product sold for and what the workers received was the real basis of industrial capital. I believe that practically all political economists are agreed on this point. It is significant that their classical example of the origin of capital and their justification for it is always a picture of the entrepreneur who saves out of his income until he is able to own an enterprise employing labor and extracting profits from it as wage workers. None of the political economists, so far as I know, in drawing

this picture and attempting this justification visualizes the landlord or the landlord's money as the ideal beginning of industrial capital.

THE REASON THEY DO NOT IS BECAUSE THEY RECOGNIZE THAT INDUSTRIAL CAPITAL HAS ITS OWN ORIGINAL AND SELF-SUFFICIENT SOURCE THE EXTRACTION OF PROFITS FROM LABOR THROUGH THE PRIVATE OWNERSHIP OF ENTERPRISES.

### The Basic Process

If industrial capital had never received a cent from investing landlords; if it had never received a cent from investing bankers, it would have attained the same world wide position it now holds. In fact, landlord power and banker power—rent and interest—are rival processes and burdens on profits and industrial capital. THEY EXTRACT THEIR TOLL MAINLY FROM INDUSTRIAL CAPITAL AND ANTI-INDUSTRIAL CAPITAL PASSES IT ON TO THE INDUSTRIAL AND FARMER WORKERS.

As to which of these three types of private owners actually own the most, or get the most is immaterial. The thing that matters is the process itself and its effects on present civilization. Of the three processes there is no doubt but that the one that has stamped our civilization most with its present character, with its present social struggles and social conditions, IS THE PROCESS OF EXTRACTING PROFITS OF THE INDUSTRIAL AND COMMERCIAL OWNERS. This process represents the ACTUAL CONTACT between the workers and owners, the exploiters and the exploited, the master and the victim. Around it has raged

the great class struggle. The labor organization, the militant cooperative, the Labor Party, the Socialist movement, the structure of the capitalist state; the conditions that characterize our present struggle ARE DIRECTLY PARTS OF THE PROCESS OF EXTRACTING PROFITS FROM LABOR AND ARE MORE REMOTELY CONNECTED WITH THE PROCESSES OF EXTRACTING RENTS FROM PROPERTY AND INTEREST FROM MONEY.

### Source of Most Evils

The evils from which we suffer—the industrial enslavement of labor, widespread unemployment and poverty, the market and price robbery of the farmer, the cruel and destructive struggle for existence, the present appalling industrial and commercial conflicts between the various social elements, the violent and tyrannical character of government, colonial expansion, imperialism, militarism and war—all of these are the result of EXTRACTING PROFITS FROM LABOR, rather than extracting rents from property or interest from money.

This is the big point that money reformers and single taxers miss. THEY PROPOSE REFORMS THAT WOULD LEAVE UNTOUCHED THE BASIC SOURCE OF EVIL—THE PROFIT SYSTEM—UNDISTURBED. Most money reformers and single taxers are perfectly satisfied with the utterly hellish competitive and profit system.

Why this connivance with the basic source of evil?

Why this amazing partiality to the worst of the economic processes?

Why this smug acceptance of the exploitation of labor?

You inter-est and rent reformers, how can you consent to accept and support the profit system?

Why do you distinguish between forms of private ownership and private exploitation? Why can you not understand that they are interlocked and inter-related PARTS OF THE SAME SYSTEM, AND WHY DON'T YOU TAKE STAND AGAINST THE WHOLE SYSTEM OF EXTRACTING WEALTH BY MEANS OF PRIVATE OWNERSHIP?

## SCIENTIFIC RESEARCH REVEALS RAPID RUIN OF AGRICULTURE

Dr. Henry C. Taylor of the Institute of Research in Land Economics and Public Utilities of Northwestern University, Chicago, has just completed a year's research on what has been happening to the farmer's income. His investigations show:

That for the five year period, 1909 through 1913, the farmers' income averaged 20.7 per cent of the national aggregate. The peak year of that five was 1910, with the farmers' income at 21.7, and the lowest year was 1911, with 20.2 per cent. In 1925 10.2 per cent was the farmers' portion.

Dr. Taylor said the average share of agriculture in the national income during the last five years has been 10.3, or less than half of what it was before the world war. His statistics have included not only agriculture's cash receipts, but the market value of the products consumed by the farmers, their families and laborers, and also the rental value of the houses in which the farmers live.

The descending agricultural income in the last three years was 10.6 in 1921, 10.2 in 1925, and 9.7 in 1926. Dr. Taylor's figures show, "In my opinion," he said, "these figures demonstrate that during the period that farmers have been calling for federal aid their share of the national income has been steadily shrinking."

"Farm bankruptcies have been occurring more rapidly in this period than ever before. It is estimated that during 1926 there were 141 farm bankruptcies for every working day."

"Furthermore, as a result of this depression in agriculture, the agricultural population shrank 2,000,000 persons between 1920 and 1925, while the population of the United States as a whole increased 8,500,000."

"The present rate of shrinkage of American agriculture, we soon may reach the point in the United States where a poor crop year will mean a substantial shortage of food for the American people," he said.

It is shown by Dr. Taylor that 31,000,000 acres of land went out of agricultural use between 1920 and 1925. Also, that the land which has been kept in farms in America is being farmed less intensively than before the world war.

## Sees Farms Ruined And Labor Revolt

Williamstown, Mass.—A revolt by the industrial population against high food costs was pictured before the Institute of Politics today as a possibility in the United States within the next forty years.

Henry A. Wallace, son of the former secretary of agriculture, in an address declared "The grave injustice that has been done to agriculture during the past six years."

He predicted a food shortage within forty years with resultant disturbances that will cause industrial centers "A thousand times as much woe as the present farm situation."

He warned that the industrial population might precipitate trouble when an imminently inadequate food supply compels them to pay an undue proportion of their wages for food.

Contrasting agriculture with other industry, Mr. Wallace said: "Farmers today, comprising about one-fourth of the country's population, receive about one-tenth of the national income. The agricultural industry, after paying for labor about 50 per cent above prewar rates, has a return on capital investment (which incidentally has been shrunk by about \$20,000,000,000 since 1920) of 3 or 4 per cent, whereas corporate industry, after paying its labor more than twice the prewar wages, has a return on its capital investment (which has been increased by more than \$20,000,000,000 since the war) of around 12 per cent, as calculated. This would seem to indicate beyond doubt that, for the time being, agricultural industries are catering more satisfactorily than the farmers to the satisfying of human needs."

Yes, Big business is interested in the farmers. It does not want the farmers to be poor for the time being, for big business. That explains banker-farmer-politician conventions, etc.

Big business will never be able to do anything for the farmers. It is

## American Worker Enslaved By His Fear of Insecurity

### Labor Apathy Toward Trade Unionism and Socialism Is Explained

#### Editor's Note

Not because he is rolling in unexampled prosperity, but because he senses the vast insecurity under the present system and his fears are exploited by the private employer, is the American worker on the whole at present indifferent to trade unionism and Socialism. The Appeal regards this analysis by the able secretary of the Old Age Pension movement of America to be one of the best and most remarkable yet made. The writer, Abraham Epstein, bases this conclusion on three premises which the Appeal regards as uncontroversial: (1) THERE IS NOT AND NEVER HAS BEEN ANY REAL PROSPERITY FOR THE LARGE MAJORITY OF AMERICAN WORKERS; (2) THE UPPERMOST FEARS IN THE HEART OF THE AVERAGE AMERICAN WORKER IS THE UNCERTAINTY OF THE FUTURE FOR HIMSELF AND FAMILY; (3) THIS FEAR IS BEING EXPLOITED BY PRIVATE EMPLOYERS AND GREAT PRIVATE CORPORATIONS TO AN EXTENT UNKNOWN IN OTHER COUNTRIES BY OFFERING THE WORKERS COMPANY BENEFITS IN EXCHANGE FOR THE LIBERTY AND INDEPENDENCE OF THE WORKERS. These capitalist bars and snares are binding the American labor hand and foot, making it dreadfully afraid of independent action and should have. You are perhaps even ready to blame yourself as a wastrel and spendthrift. To disengage your mind from further anxiety and worry I am ready to inform you that all Pollyanna economists' notions standing, as a wage-earner you have really never earned your share of this per capita income and have been saved the trouble of recklessly spending it.

How About Actual Prosperity? But what do all these statements mean in terms of actual living standards? To the American wage-earner with whom we are primarily concerned in this discussion? Like myself, every one of you wage-earning brethren I am certain is asking himself, "Where do I come in?" As head of a family you say, "In how you measure the above figures I should be entitled to almost an entire second-hand Ford, to about \$500 in savings, and at least to a half share of some good industrial security. But I have none of these. And you are probably puzzled and anxious as to how you can get this share which every economist tells you you are entitled to, and should have. You are perhaps even ready to blame yourself as a wastrel and spendthrift. To disengage your mind from further anxiety and worry I am ready to inform you that all Pollyanna economists' notions standing, as a wage-earner you have really never earned your share of this per capita income and have been saved the trouble of recklessly spending it.

—M. E. K.

### In Two Articles

#### Article I.

### By Abraham Epstein

(Secretary, American Association for Old Age Security)

In discussing a trade union program for these piping times we must first, even at the risk of encroaching upon the topics of some other speakers, at least briefly inquire into the exact nature of our prosperity. During the past several years our blessedness and material prosperity have been proclaimed from the house-tops of every banking house, by every public official from President Coolidge and A. W. Mellon down, and from every editorial sanctum. Certain Pollyanna enthusiasts have even prophesied that we are all on the way of becoming capitalists and if only we remain a bit more patient, all of us will soon become the employers and Messrs. Morgan, Garry, Schwab and Rockefeller will be working for us. As proof of our wealth we have been referred to the millions of automobiles, which but few of us own, the swollen bank deposits, which belong to only some of us and to the spread of industrial stock which from the viewpoint of actual and potential control is patently worthless.

### Our Installment Sales

In the glowing accounts of our great wealth and increased national income we are of course not told that four out of every five automobiles sold are not fully paid for, that more than two-thirds of household furniture, pianos, phonographs, radio sets, washing machines, vacuum cleaners, sewing machines, gas stoves, mechanical refrigerators and a great deal of even our clothing is sold on the installment plan and that the volume of credit extended on installment accounts is estimated to exceed one billion dollars, or about one-twelfth of the estimated national income.

### Increase in Income

That measured in dollars and cents, however, there has been a considerable increase in national wealth seems indisputable. The National Bureau of Economic Research estimates that the total current income of

### Millions Living on Less Than Minimum Budgets

In connection with a book I now have in preparation, I have recently completed quite an exhaustive study of estimates of family budgets considered necessary for a minimum standard of health and decency for an American family and the actual wages earned by American workers from 1890 to 1927. These studies reveal that not only was the purchasing power of the weekly wage at the close of the World War about one-third lower than in the period of 1890-99, or prior to the War, but that even since 1920, including the past few years of our greatest national prosperity, weekly or annual earnings have never yet reached the level where near the estimated minimum budget of health and decency for a man, wife and three children. The most conservative estimate of such a minimum budget since 1920 is set at least at \$1500 a year, or approximately \$30 a week. But there is hardly a single extensive group of American industrial wage-earners which have managed to earn that sum since then. Even the National Industrial Conference Board—an employers' Association—reports that for March 1927 the average weekly earnings in 11 industries in the United States amounted to but \$27.53. Indeed, from my own studies, it would seem that, in spite of the unprecedented national prosperity, the problem of making both ends meet has, for the wage-earner at least, remained relentless and unmitigated.

### Increase in Per Capita Production

Indeed, considering the enormous increase in productive goods and comparative wealth, the workers' lot during the past few years has been steadily on the decline. For in proportion to the increasing amount of goods produced, he can buy back a constantly smaller and more pitiful share of his product. Recent studies conducted by the United States Bureau of Labor Statistics show that in the one decade—1914-1924—the per capita output per man has more than tripled in the automobile industry; has risen by over 77 per cent in petroleum refining; by 27 per cent in

### Labor Apathy Not Due to Prosperity

The above review is important in order to clarify the atmosphere that the American wage-earners' apathy towards labor unionism is a result of his wretchedness and not of any satisfaction for the generally admitted present plight of the American labor movement must be sought elsewhere. Even if it be admitted that during the last five years there has been a small gain in real earnings as compared with the purchasing power in 1914, there is still no evidence that the working man today is really better off or the happier for it. The relative rise in standards of living has been considerably above the gain in real wages; innumerable new wants have been created in the mind of the wage-earner which he considers luxuries which could easily be dispensed with in 1914, but have now become necessities. The mere fact that a working man today perhaps with his wages today buys a quarter of a loaf of bread more than he could purchase in 1914, or that he could purchase in 1914 a quarter of a peck of potatoes more than ten or twelve years ago, or that he could pay one-fourth more of rent than he could pay in 1913 is no evidence whatsoever that he really eats more of bread and potatoes or invests in a more secure future than he did in 1914. As a result of the tremendously expanded wants during the last decade and the development of high-pressure installment sales campaigns, it is not at all rare today to find the family which has a car but cannot afford to maintain it, or the family which has a refrigerator but cannot afford to buy a new one, or the family which has a new house but cannot afford to pay the mortgage.

An examination of the true state of living standards and wages earned reveals that the worker is faced with as many and as serious hardships today as ever before. Especially in regard to provisions against the basic insecurities of modern life, i. e., that of sickness, unemployment, orphanage and widowhood and old age, his position has not only not altered, but in many of the rising standards has actually deteriorated materially. How then, the decline of the standard of living in prestige and numbers, is explained? While I am fully cognizant of the limitations of the interpretation I am about to offer, the numerous other factors involved in it is my desire in the space of a paper to point to one of the most important of the present deplorable state of affairs in the American labor movement—the sad neglect by the trade union movement in America to provide the workers with adequate protection against the above enumerated social hazards. And it is my desire to the elimination of the social hazards from the working man's life that my suggestion for a constructive trade union program lies.

### Fear of Insecurity

In other words, my basic contention is merely that the lamentable status of the present American labor movement is intimately and directly related to the American worker's fear of the insecurities of his life.

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